BEFESA

PRESS AND INVESTOR ANNOUNCEMENT

Q1 2025 results

Befesa delivers solid Q1 performance with net profit up 97% YoY and sets FY2025 EBITDA guidance of €240m-€265m

- Revenue of €308m, +3% YoY (Q1 2024: €298m), reflecting solid pricing despite maintenance shutdowns
- Adjusted EBITDA of €56m, +15% YoY (Q1 2024: €49m), demonstrating operational efficiency despite lower volumes
- Operating Cash Flow in Q1 2025 of €34m, up 134% YoY (Q1 2024: €15m)
- Net profit at €18.6m in Q1 2025, up 97% (Q1 2024: €9.4m)
- Net leverage improved to x2.8 as of March 2025, continuing deleveraging trajectory
- Outlook 2025: EBITDA expected between €240m and €265m, +13% to +24% YoY

Luxembourg, 30 April 2025 – Befesa S.A. *("Befesa"),* the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, released its Q1 2025 results.

In Q1 2025, **total revenue** increased by 3% YoY to €308.4m (Q1 2024: €298.3m). Adjusted EBITDA grew by 15% YoY to €55.8m (Q1 2024: €48.6m). This solid performance was achieved despite scheduled maintenance shutdowns in key assets, highlighting the resilience of Befesa's business model. The favourable treatment charge (TC) for recycling activities, combined with a strategically negotiated hedging price, were the main drivers of EBITDA growth during this period, partially offset by a slight decrease in treated volumes and an average metal margin that remains subdued.

With respect to **volumes** in Q1 2025, the throughput of electric arc furnace (EAF) steel dust decreased by 9% YoY to 277 kt, with an average capacity utilisation of around 64%. This reduction was primarily due to planned maintenance shutdowns in large assets. Despite this temporary impact, daily steel dust deliveries from EAF steel customers continued at good levels in line with FY24. In Europe, steel production remained low, affected by weak end-market demand. The first kiln in the Palmerton plant in the US continued its ramp up during the Q1, with the second kiln on track for completion in Q2. Turkey and South Korea continued to operate at regular levels, whilst operations in China remained subdued with plants running at utilisation levels of 50%, impacted by weak EAF steel production.

In the **Aluminium segment**, recycled volumes of salt slags decreased slightly by 4% YoY to 107 kt but maintained a solid capacity utilisation of 93%. The secondary aluminium alloys volume decreased by 3% YoY to 43 kt, with capacity utilisation at 81%, impacted by challenging aluminium scrap market conditions and weakness in the European automotive sector.

On **metal prices**, zinc LME prices averaged $2,838/t in Q1 2025 (+16% YoY) compared to $2,450/t in Q1 2024. In euro terms, this represented a 20% increase to €2,697/t. The beneficial zinc hedging price of €2,666/t in Q1 2025 (+8% YoY) and significantly lower zinc TC at $80/t (Q1 2024: $165/t) provided additional tailwinds. Aluminium alloy prices increased by 6% YoY to €2,416/t.

Energy prices in Q1 2025 showed mixed trends compared to the previous year. Coke prices decreased by 6% YoY to €174/t (Q1 2024: €185/t), providing some relief to operating costs. However, this was partially offset by increases in electricity prices, which rose from €105/MWh in Q1 2024 to €125/MWh in Q1 2025, and gas prices, which increased from €39/MWh to €60/MWh.

In Q1 2025, Befesa's **operating cash flow** amounted to €34.0m (Q1 2024: €14.5m). Liquidity remained robust with cash on hand of €105.0m at Q1 2025 closing (€102.5m at year-end 2024). Net leverage improved to x2.8 (x2.9 at year-end 2024).

Earnings per share in Q1 2025 came in at €0.47 (Q1 2024: €0.24).

Asier Zarraonandia, CEO of Befesa, commented: "Our strong start to 2025 demonstrates the resilience of our business model and operational excellence in the face of scheduled maintenance activities. The 15% increase in EBITDA underlines our ability to capitalise on favourable market conditions, particularly the historically low zinc treatment charges and robust zinc prices. With the Palmerton expansion progressing on schedule and our continued focus on operational efficiency, we are well-positioned to capture growth opportunities in our key markets. Our deliberate approach to capital allocation, emphasising deleveraging and strategic investments in low-risk projects, will deliver sustainable value as we progress toward our 2025 targets."

Outlook

Year 2025

Whilst the company recognises that the political and economic environment has become less predictable due to uncertainty on trade tariffs, Befesa currently foresees limited direct impact on its business in the short-term and sees the long-term drivers of the business as intact. Befesa is self-sufficient in each of its regions due to a strong local-for-local footprint.

Befesa expects the full year 2025 EBITDA between €240m and €265m, +13% to +24% YoY (2024: €213m). Earnings in 2025 will be positively impacted by the significantly lower zinc TC, set at $80/t for 2025 (2024: $165/t), coupled with improved zinc hedging prices averaging €2,640/t for 2025. Additional positive factors include enhanced operational efficiency in the US refining plant, and higher EAF dust volume in the US. The guidance range accounts for potential metal price volatility, energy cost fluctuations, and the evolving conditions in global steel and aluminium markets.

Positive mid-term outlook

Befesa's disciplined execution of its strategic growth plan continues to focus on projects with clear returns, aligned with macroeconomic developments. In **the US**, the expansion of the Palmerton, Pennsylvania plant is on track, with the second kiln expected to be completed in Q2 2025. This expansion will enable Befesa to capture the growing volumes of EAF steel dust in the US market.

In **Europe**, the expansion of the secondary aluminium production capacity at the existing plant in Bernburg, Germany, is progressing, with completion expected by Q2 2026. This project is strategically aligned with the anticipated growth in demand for aluminium in Europe driven by increasing EV penetration and the automotive industry's need for lightweight solutions to reduce emissions.

Given the challenging market conditions in **China**, Befesa decided last year to pause its expansion plans in the region, allowing the company to concentrate resources on the more immediate and attractive growth opportunities in the US and Europe.

Befesa's net leverage is expected to decrease further to below x2.5 by the end of 2025, underpinned by strong EBITDA growth and prudent capital allocation.

Key figures

in €m	Q1 2024	Q1 2025	Change
Revenue	298.3	308.4	3.4%
Adj. EBITDA	48.6	55.8	14.9%
Net profit	9.4	18.6	97.1%
EPS (€)	0.24	0.47	97.1%
Operating cash flow	14.5	34.0	133.6%
Net debt	621.7	612.7	-1.4%
Net leverage	x3.45	x2.78	-x0.7

Webcast

Befesa will host a webcast on its Q1 2025 results at 9.00 CEST on 30 April 2025. Further details, a replay and other events are available on Befesa's website: www.befesa.com

Financial calendar

The Befesa Annual Report 2024 was released on 30 April 2025.
The AGM is scheduled for 19 June 2025.
The financial calendar for 2025 is available in the Investor Relations / Investor's Agenda section of Befesa's website. For more information, please visit www.befesa.com

About Befesa

Befesa is a leading player in the circular economy, providing environmental, regulated services to the steel and aluminium industries with facilities located in Germany, Spain, Sweden, France, as well as in Turkey, South Korea, China and the US. Through its two business units, Steel Dust and Aluminium Salt Slags recycling services, which are a critical part of the circular economy, Befesa manages and recycles around 1.9 million tonnes of residues annually, with a production of around 1.7 million tonnes of new materials, which Befesa reintroduces in the market, reducing the consumption of natural resources. Further information is available on the Company's website: www.befesa.com

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